



STAFF REPORT

Discussion and Direction Regarding Changes to Some Performance Budget Measures

Honorable Mayor and Council Members

Summary

As part of the mid-year review of performance budgeting, staff identified a number of measures that may need to be changed or eliminated. Staff recommends Council approve the changes outlined in this report and direct that the revised measures be incorporated into the adopted FY05 budget.

Background

The Service Delivery Initiative (SDI) was adopted by the City Council in May, 2001. The overall goal of SDI is for the City to be more of a customer-driven, results-oriented organization. It is intended to help clarify the appropriate roles of Council and staff and bring about alignment of policies, procedures and resource allocations. It will enable the City Council and staff alike to focus on outcomes and results, rather than dollars and inputs. SDI gives the City Council the tools they need to provide clear policy direction to staff regarding the service levels expected by the community. Staff's job is then to implement their policies and report to Council and the community on the organization's achievements.

Performance budgeting is at the core of SDI and it entailed the restructuring of the City's operations into budgetary Service Areas and Service Centers. Each Service Area and Center is structured to answer three fundamental questions: *Why*, *How* and *How Well*. They each have an overall mission or purpose statement and a series of specific performance measures. The mission is intended to be a high-level outcome or statement of the desired results. The measures are intended to be outcome-oriented, focusing on the end result level of service.

Four Service Areas were implemented in the first phase of performance budgeting for fiscal year 2002-03: Police Services, Financial Management, Parks and Open Space, and Building Services. Their first year results were reported to the City Council last October. The rest of the City operations implemented performance budgeting in FY 2003-04. As a result, the Council and community have a total of 207 specific measures in fifteen operational Service Areas upon

which to judge the performance of City services.

Mid-way through the current fiscal year, a review was conducted with each department to discuss the status of their implementation efforts and any changes that were needed or desired.

Discussion

The following chart lists changes to specific measures that staff is recommending be made. The area of service, current measure with strikeout or bold to indicate changes, and reason for the change are given.

Service Area/Center	Measure	Reason
Police	#1. The customer satisfaction rating is X%.	No change in wording, but results will be based entirely on users of service, not blended with citywide survey results.
Police	#3. The perception of safety rating is 96%.	Delete; no citywide survey to get data from
Police	7. The three-year rolling average weighted clearance rate is X% of that of comparable cities and X% of the San Mateo County rate.	Better measure of performance of staff relative to peers (this recommended change was noted to Council in the October results report)
Police/Crime Control	#3. The three-year rolling average weighted persons crime clearance rate is X% of that of comparable cities and X% of the San Mateo County rate.	Better measure of performance of staff relative to peers
Police/Crime Control	#4. The three-year rolling average weighted property crimes clearance rate is X% of that of comparable cities and X% of the San Mateo County rate..	Better measure of performance of staff relative to peers
Police/Crime Control	#7. The three-year-rolling average juvenile recidivism rate is X %. 100% of diverted juveniles do not repeat offend within 3 years.	Zero recidivism makes comparison calculations difficult (this change was noted to Council in the October results report)
Police/ Emergency Preparedness	#2. Annual training exercises receive an evaluation rating of X% by a County evaluator 100% of the pre-established training exercise objectives are met, as determined by the director of emergency services.	An outside monitor is not present at all trainings (this change was noted to Council in the October results report)
Parks and Open Space	#1. A customer satisfaction rating of X% is achieved from athletic field users.	Results will be based entirely on easily identifiable users of service, not blended with citywide survey results.
Recreation	#4. The community perception of recreational services is X%.	Delete; no citywide survey to get data from
Recreation/Special Events	#3. The number of community groups selling at the Art & Wine festival is X.	Delete; data captured in previous measure on participation.
Recreation/Programs	#6. <i>Athletic field schedules are produced on time twice a year.</i>	Move this measure to the Recreation Facilities Service Center (new #4)

Financial Management/ Financial Operations	#5. The liquidity ratio is X	There is no way to calculate meaningful data more than once per year (this change was noted to Council in the October results report)
Financial Management/ Planning and Reporting	#4. The long-term financial plan submitted to Council meets or exceeds Council-adopted reserve policies 100% of staff-proposed budget fund balances meet or exceed Council-adopted reserve policies	Clarification (this change was noted to Council in the October results report)
Financial Management/ Risk Management	#4. Any findings from annual audit are cleared within X days processed within an average of 10 days	Better reflection of staff responsibility (this change was noted to Council in the October results report)
Human Resources	#3. Benefit and compensation forms are processed accurately within 2 3 days, X% of the time.	More realistic target
Human Resources	#4. X% of employees participate in mandatory training annually.	With limited funds for discretionary training, the focus is on ensuring required trainings occur.
Housing	#1. X% of new residential units are for low- and very-low-income residents affordable over a rolling three year average	Same intent; will measure new units that are deed restricted, subsidized or secondary
Information Services	#1. X% of Service Level Agreement standards are met requests for service meet response time standards.	Same intent; more manageable to measure given electronic tracking system.
Environmental Services	#2. The overall customer satisfaction rating is X%	Delete; no citywide survey to get data from
Environmental Services	#6. 20% of properties are inspected annually for pollution control and a compliance rate of X% is achieved	Not necessary at the Service Area level (will remain in the Service Center)
Environmental Services/ Storm Drain	#5. Participate in X educational events annually	Delete; only doing minimum required by permit
Environmental Services/ Storm Drain	#8. 20% of commercial properties are inspected annually for pollution control and a compliance rate of X% is achieved for commercial properties.	Inspections are done by the County and set at a level to meet the permit requirements, so this does not provide meaningful data.
Environmental Services/ Sanitary Sewer	#3. X% of USA markings are completed within 48 hours 2 working days	Reflects impact of weekends
Transportation Services	#7. A citizen satisfaction rating of X% for traffic conditions	Delete; no citywide survey to get data from
Transportation Services/ Programs	#3. The customer satisfaction rating of X% for traffic concerns	Delete; no citywide survey to get data from
Transportation Services/ Traffic Operations	#5. Traffic calming devices installed, modified and maintained according to adopted plans X% of the time	Don't expect enough data points over multiple years for this to have value

Next Steps

As noted when the final reorganization was presented to Council, performance budgeting is a means, not an end. The ultimate goal is to be a performance *organization*.

After the conclusion of the fiscal year, when the data is collected, staff anticipates producing an “annual report” of performance that shows the service levels achieved for all operations and the index (charts showing the change from the previous year) for the “early adopters.” The same report could be used to highlight other organizational achievements of the year.

The most critical step in the Belmont Service Delivery Initiative is to *act*. Performance budgeting and the related on-going alignment efforts afford our organization an opportunity to place a sharpened focus on service delivery, to establish a foundation for continuous improvement activities, and to increase accountability. This customer-oriented approach, if properly supported and implemented, can result in a substantial increase in quality of service while at the same time enabling service efficiencies.

The Service Delivery Initiative will not necessarily result in quick fixes, though some may occur, but rather systemic long-term sustainable change. With Council’s support, staff intends to continue toward that end.

Fiscal Impact

There is no fiscal impact to this report.

Recommendation

Staff recommends Council accept the changes noted in this report and direct staff to incorporate them into the final FY05 budget.

Alternatives

1. Provide alternative direction

Respectfully submitted,

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